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FINANCIAL MONITORING SERVICE OF GEORGIA
DECREE №4

Tbilisi January 18, 2012

On Approving the Regulation on Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georg

Pursuant to subparagraph "c", paragraph 4, Article 10 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" I Decree:

1. Approve the attached Regulation "On Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georgia".

2. Commercial Banks shall:

a) Ensure bringing the approved internal regulations concerning conducting financial monitoring into compliance with requirements of the Regulation "on Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georgia" prior to March 1, 2012;

b) Prior to December 31, 2012 ensure extension of requirements of Article 6 of the Regulation "on Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georgia" on those clients and their beneficial owners with whom business relationships already exists for January 1, 2012.

3. Commercial banks which commence their operation from the effective date of this Decree shall submit to the Financial Monitoring Service of Georgia the Registration Form according to the procedure established under the Regulation "on Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georgia" within twenty days from the receipt of the License from the National Bank of Georgia.

4. Decree #95 of July 28, 2004 of the Head of the Financial Monitoring Service of Georgia "on Approving the Regulation on Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georgia" shall become null and void from the effective date of this Decree.

5. This Decree shall become effective upon promulgation.

M. Roinishvili

REGULATION

On Receiving, Systemizing and Processing the Information by Commercial Banks and Forwarding to the Financial Monitoring Service of Georgia

Article 1. General Provisions

1. This Regulation has been developed on the basis of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and other relevant normative acts of Georgia.

2. This Regulation shall apply to commercial banks of Georgia (hereinafter referred to as "Bank") and their branches as well as branches of foreign banks (representations) located in Georgia.

3. This Regulation shall regulate the principles and rules of carrying out financial monitoring for the purpose of facilitating the prevention of illicit income legalization and terrorism financing by the Bank; specifically, the terms and procedure for identifying the Bank's clients, and receiving, systemizing, processing and retaining the appropriate information, and submitting the information to the Financial Monitoring Service, as well as the procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction.

Article 2. Definition of Terms

For purposes of this Regulation, the following terms shall have the following meanings:

a) Illicit income – illicit or/and unjustified property in ownership or possession of a person;

b) Property – property as considered under the Civil Code of Georgia: all property (movable as well as immovable) and immaterial property, which can be owned, used and disposed of by natural persons and legal entities;

c) Legalization of Illicit Income - legalization of illicit income (acquisition, use, transfer or other action), as well as concealing or disguising its true origin, proprietor or owner, or/and property rights or attempt to commit such an action;

d) Monitoring – identification of persons defined under the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" by the Bank; recording, systemizing and processing the information on bank operations and transactions, as well as on persons involved in these operations and transactions and forwarding to the Financial Monitoring Service of Georgia in compliance with the procedure prescribed by the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation and other normative acts adopted on the basis of the Law;

e) Suspicious transaction – a transaction (regardless its amount and operation type) supported with reasonable grounds to suspect that it had been concluded or implemented for the purpose of legalizing illicit income or/and the property (including funds) on the basis of which the transaction had been concluded or implemented is the proceeds of criminal activity or/and the transaction had been concluded or implemented for the purpose of terrorism financing (person participating in the transaction or the transaction amount causes suspicion, or other reasons exist for considering transaction as suspicious), or any person involved in the transaction is on the list of terrorists or persons supporting

terrorism, or / and is likely to be connected with them, or / and funds involved in the transaction may be related with or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism, or any involved person's legal or real address or place of residence is located in a non-cooperative zone or the transaction amount is transferred to or from such zone;

f) Unusual transaction – a complex, unusually large transaction (operation) and/or unusual patterns of a transaction (operation) that does not have visible economic (commercial) content or lacks lawful purpose and/or is inconsistent with the ordinary business activity of a person involved therein;

g) Person – any resident or non-resident natural person and legal entity, as well as organizational formation considered under legislation, which does not represent a legal entity (unregistered union, partnership, partnership of apartment owners);

h) Client - any person who addresses to the bank for the service defined by the Georgian legislation as the principal activity of the latter or / and uses such service;

i) Beneficial owner – a natural person(s) representing an ultimate owner(s) or controlling person(s) of a person or / and a person on whose behalf the transaction (operation) is being conducted; beneficial owner of a business legal entity (as well as of an organizational formation (arrangement) not representing a legal entity, provided for in the Georgian legislation) shall be the direct or indirect ultimate owner, holder or / and controlling natural person(s) of 25% or more of such entity's share or voting stock, or natural person(s) otherwise exercising control over the governance of the business legal entity;

j) Control – a term defined under the Organic Law of Georgia "on the National Bank of Georgia";

k) Controlling person – person exercising control;

l) Identification of person – obtaining information on the person, which, when necessary, allows tracing such person and distinguishing from other person;

m) Person involved in a bank operation (transaction) – all persons participating in the bank operation (transaction), including parties of the bank operation (transaction), their representatives and agents, as well as third parties in whose favor bank operation (transaction) is concluded;

n) Non-cooperative or watch zone – a country or a part of the territory thereof defined by the National Bank of Georgia on the basis of proposition of the Financial Monitoring Service of Georgia.. The country or territory thereof shall be identified as such on the basis of the information provided by competent international organization, or if the grounded supposition exists that in such zone weak mechanisms for controlling illicit income legalization are effective;

o) Employee in charge of the monitoring – employee of the Bank, who on the basis of the legalized resolution of the Bank is charged with the responsibility to ensure conducting monitoring activities in the Bank and the respective duties. If the special structural unit is established in the Bank for performing monitoring activities, head of such unit shall be the employee responsible for conducting monitoring;

p) Suspicious zone - a country or a part of the territory thereof, identified as having weak mechanisms for controlling illicit income legalization, based on information available to the monitoring entity;

q) Financial institutions – institutions determined as such under the Law of Georgia "on Activities of Commercial Banks";

r) Suspicious financial institution – financial institution determined as such by the National Bank of Georgia, which does not meet standards of preventing illicit income legalization;

s) User Manual – Instruction for using of web-portal set on the official website of the FMS (www.fms.gov.ge);

t) Competent international organizations - Council of Europe, Financial Action Task Force (FATF), and other organizations recognized as such by International Community;

u) Shell bank – a bank, which physically is not present in the country, where it is registered/licensed and which is not being controlled and supervised;

v) Politically Exposed Person (PEP) - a foreign citizen, who has been entrusted with a prominent public function in a respective country or / and carries out significant public and political activities. The PEPs are as follows: the head of the state, the head of the government and members of the government, their deputies, a senior official of a government institution, a member of the parliament, a member of the supreme court, a member of a constitutional court, a senior military official, a member of the central (national) bank's council, an ambassador, a senior executive of state owned corporation, an important political party (union) official, a member of executive body of the political party (union), other prominent politician, his / her family members as well as a person having close business relations with him / her; a person shall be considered as a politically exposed during a year following his / her resignation from the foregoing positions;

w) Family member – a spouse of a person, his / her parents, siblings, children (including step – children) and their spouses;

x) Person having close business relationship with the politically exposed person (PEP) – a natural person who owns or / and controls a share or voting stock of that legal entity, in which a share or voting stock is owned or / and controlled by the Politically Exposed Person (PEP); also, a person having other type of close business relationship with the Politically Exposed Person (PEP);

y) Implementation of the transaction (operation) – Implementation of the transaction (including the registration of property) by the monitoring entity except for the monitoring entities listed in subparagraphs "f", "j" and "m" of Article 3 of the Law of Georgia on Facilitating the Prevention of Illicit Income Legalization.

Article 3. Bank Operations (Transactions) Subject to Monitoring

1. For purposes of this Regulation, transaction subject to monitoring shall be an implemented bank operation or concluded transaction by the person, and/or the series of bank operations (transactions) aimed at partition of the bank operation (transaction), if one or both of the following provisions exist:

a) Bank operation (transaction), regardless the amount, shall be deemed suspicious, according to the subparagraph (e), Article 2 of this Regulation;

b) Transaction concluded or implemented by the person and/or series of concluded or implemented transactions aimed at partition of the transaction, if the amount of such

transaction or the series of transactions exceeds GEL 30,000 (or its equivalent in other currency) and by content it represents the following transaction (operation):

b.a) Receipt of money using bank checks, in bearer form;

b.b) Trade of foreign currency in cash form;

b.c) Transfer of funds by the account holder from the bank operating or registered in watch or suspicious zone to the bank account in Georgia or transfer of funds from Georgia to account in the bank operating or registered in such zone;

b.d) Provision or receipt of a loan by a person registered in the watch or suspicious zone (including a branch of such a legal entity registered in Georgia) and/or implementation of any other transaction (operation) by such a person through a banking institution operating in Georgia;

b.e) Transfer of funds from Georgia to another country to the account of an anonymous person, or transfer of funds to Georgia from the bank account of an anonymous person in another country;

b.f) Contribution of funds to the capital of an enterprise (society) (both in cash and non-cash form) except for buying stocks of reporting enterprises as defined under the Law of Georgia "On Securities Market";

b.g) Transfer of the amount deposited by a natural person in cash (except for transfer of funds to the budget and transfers among own accounts within Georgia); this transaction implies operation from the account, as well as operation implemented without opening an account;

b.h) Extension of a loan to bearer, secured by securities;

b.i) Placement of funds (both in cash and non-cash form) on the bank account of a legal entity or a branch of a foreign enterprise (except for a commercial bank and a legal entity of public law established by the state through the legislation or the administrative act) within 90 calendar days from the date of its registration (except when registering the change in the legal form), or transfer of funds (except for operations on one's own accounts implemented within a single bank) from such an account;

b.j) Placement of grants or charitable assistance on an account (both in cash and non-cash form), or transfer of grants or charitable assistance from an account, except for grants provided from the state or local self-government budget;

b.k) Transaction (operation) implemented through participation of a suspicious financial institution.

2. Subject to monitoring shall be funds defined under subparagraph (a) paragraph 1 of this Article, whether acquired through legal or illegal means, which may be related to or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism. The list of terrorists and persons supporting terrorism shall be published in the Legislative Herald of Georgia.

3. Subject to monitoring shall also be an attempt to conclude suspicious transaction or implement the Bank operation and/or other fact (circumstance), which, pursuant to written instructions of the FMS of Georgia, may be related to legalization of illicit income or terrorism financing.

4. Banks shall pay special attention to unusual transactions, transactions (operations) provided under subparagraphs “b.c” and “b.d”, paragraph 1 of this Article, which do not have visible economic (commercial) content or lack lawful purpose, ascertain the purpose and grounds of such transactions to the reasonable extent possible, and document the results obtained in writing. In case of detecting the high risk of money laundering and terrorism financing, the Bank is required to undertake the enhanced procedures of identification and verification provided for by Article 6^1 of this Regulation which is commensurate with the risk identified. In such cases, the monitoring of the business relationship must be enhanced in order to ascertain whether a transaction (operation) is unusual or suspicious.

5. For purposes of the Law of Georgia “On Facilitating the Prevention of Illicit Income Legalization”, Banks shall themselves set principles for defining a transaction of a person having business relations with them as unusual, according to requirements of this Regulation and guidelines of the Financial Monitoring Service of Georgia.

6. Pursuant to paragraph 5, Article 5 of the Law of Georgia “On Facilitating the Prevention of Illicit Income Legalization”, the Financial Monitoring Service of Georgia shall have the authority to define the list of specific transactions (bank operations) (or their characteristics, such as type of the business activities of persons involved in bank operation (transaction), geographic area of their location (place of registration), nature of transaction (bank operation) and etc.), on which the Financial Monitoring Service of Georgia shall be informed in compliance with the rule on report submitting set by this Regulation.

Article 4. Obligations of Banks with Respect to Implementation of Internal Control

1. For preventing cases of illicit income legalization and terrorism financing, Bank shall exercise internal control in accordance with Article 8 of the Law of Georgia “On Facilitating the Prevention of Illicit Income Legalization”.

2. Implementation of internal control shall include the following:

a) In cases defined under subparagraphs (a) – (d), paragraph 1, Article 6 of this Regulation, identification of all persons having business relationship with the Bank (clients), their representatives and agents as well as the beneficial owner; if a bank operation (transaction) is concluded in favor of the third person, identification of such person shall be carried out;

b) Exercising measures provided for by the present Regulation against Politically Exposed Persons (PEPs);

c) Defining terms and procedures of conducting permanent monitoring of business relationships with the client according to the procedure set under the present Regulation;

d) Analyzing the information obtained as a result of identification and revealing bank operations (transactions) subject to monitoring;

e) Documenting, systemizing and filing the information;

f) Submission of the information on bank operations (transactions) subject to monitoring to the Financial Monitoring Service of Georgia in the reporting form;

f[1]) Terms and procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction;

g) Implementation of training programs for the Bank's employees with respect to avoiding legalization of illicit income and terrorism financing.

3. For the purpose of defining internal control rules and procedures, the Bank shall develop internal regulation on the basis of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and this Regulation to be approved by the Bank's Supervisory Council or Board of Directors. The internal regulation shall set terms for: identification of the Bank's (its branches, representative offices) clients, their beneficial owners and other relevant persons; systemizing, analyzing and filing the information obtained as a result of identification process; revealing transactions (bank operations) subject to monitoring and submission of reporting forms to the Financial Monitoring Service of Georgia. All employees of the Bank shall get acquainted with the internal regulation.

4. Internal regulation, developed and approved by the Bank, for conducting monitoring shall define:

a) Procedures for identification of Bank's clients, their beneficial owners and other relevant persons determined under the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" (including the enhanced and simplified identification/verification procedures);

b) Procedure for ascertaining Politically Exposed Persons (PEP) and exercising measures against them as it is provided for in the legislation;

c) Procedure for transferring information obtained through the identification process and other information existing in the various structural units of the Bank to an employee (special structural unit) in charge of monitoring;

d) Procedures for recording, systemizing and filing information related to the monitoring;

e) Rule for submission of reporting forms and other materials to the Financial Monitoring Service of Georgia;

e[1]) Terms and procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction;

f) Terms and procedures for exercising permanent monitoring of business relationships with the client;

g) Functions, authority and responsibility of the employee in charge of monitoring (in case of the special structural unit – functions, authority and responsibility of the head and each employee);

g[1]) Rights and responsibilities of the employee/employees authorized to confirm the receipt and to carry out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction;

h) Functions, authority and responsibility of the Bank's other employees (structural units), including administrators, with respect to monitoring, as well as the Bank's administrator who shall be directly charged with supervision of the monitoring process;

i) Bank's administrators, responsible employees and/or employees who shall be granted the authority under the internal regulation to keep confidential information related to the monitoring process;

j) Procedures for certifying copies of documents submitted by clients and employee (employees) in charge of certification in accordance with paragraph 2, Article 11 of this Regulation.

5. Internal regulation for conducting monitoring developed and approved by the Bank shall address the following issues:

a) Decision on considering the bank operation (transaction) as suspicious, unusual and/or aimed at partition of the transaction, and forwarding the reporting form to the Financial Monitoring Service of Georgia shall be made in each particular case on the basis of the information obtained through identification and servicing clients and other relevant persons by the respective structural units of the Bank, as well as on the basis of information (after establishing overall network, information stored therein shall be used) existing in the bank (including different branches of the Bank). In addition, guidelines and other information sent by the Financial Monitoring Service of Georgia to the Bank shall be considered. For the purpose of revealing suspicious and/or unusual bank operations (transactions) and/or bank operations (transactions) aimed at partition the Bank shall be obligated to develop electronic data base (system);

b) Monitoring process with respect to suspicious bank operations (transactions) shall be conducted in a way that the Bank's clients, persons involved in bank operations (transactions) and other relevant persons shall not be aware that their activities represent subject to monitoring;

c) Bank shall be obligated to ensure confidentiality of information obtained through monitoring process (including information received from identification of clients, their beneficial owners and other relevant persons, materials on examination and analysis of the information), as well as of information on completion of reporting forms related to bank operations (transactions) subject to monitoring and submission thereof to the Financial Monitoring Service of Georgia;

d) One of the major principles of financial monitoring shall be participation of all employees of the Bank (within their competence) in facilitating disclosure of illicit income legalization and terrorism financing;

6. Staff recruitment policy of the Bank (including investigation of the employees' qualifications and reputation), procedures and rules set under the internal regulation shall at maximum extent facilitate prevention of feasible involvement of the Bank's employees in financing illicit income legalization and terrorism financing.

Article 5. Functions and Obligations of the Employee in Charge of Monitoring

1. For the purpose of conducting monitoring process, the Bank shall designate an employee (or special structural unit) in charge of monitoring on the basis of appropriately legalized resolution. Position of the employee in charge of monitoring (head of structural unit) shall correspond to the senior hierarchy (management) level in the Bank's

organizational chart (position of the employee in charge of monitoring may differ among banks based on the bank's size).

2. Functions, authority and responsibility of the employee (or special structural unit) in charge of monitoring shall be defined under the internal regulation of the bank as well as under the relevant instruction (instructions - in case of special structural unit) if it is provided under the internal Charter of the Bank.

3. Employee (or special structural unit) in charge of monitoring shall follow the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation, internal regulation of the Bank, guidelines of the Financial Monitoring Service of Georgia, as well as the relevant normative acts issued by the FMS and the National Bank of Georgia);

4. Employee (special structural unit) in charge of monitoring shall perform the following functions:

a) Organize the monitoring process and ensure performance of tasks defined under the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation and internal regulation of the Bank;

b) Analyze information (including identification details, information on bank operations (transactions)) received from various structural units of the Bank; reveal bank operations (transactions) subject to monitoring; ensure completion of respective reporting forms (in case provided for in this Regulation certification with signature of hard copies of reporting forms) and submission to the Financial Monitoring Service of Georgia in compliance with the procedure set under the internal regulation of the Bank; systemize and file information (documents) related to the monitoring process. Pursuant to the internal regulation of the Bank, authority for making decision on considering bank operation (transaction) or persons involved therein as suspicious, submitting the respective reporting forms to the FMS and completing (in case provided for in this Regulation the authority to sign hard copies of reporting forms) such forms may be granted to the employee in charge of monitoring (head of the special structural unit), as well as to the administrator of the Bank who oversees monitoring related issues according to the internal regulation;

c) Provide consultations to other employees of the Bank with respect to issues of preventing illicit income legalization and terrorism financing and organize special training programs. Training process shall be regular in order to ensure acquaintance of employees with changes introduced into the Georgian legislation, Bank's internal regulation as well as with new techniques, methods and trends of money laundering and terrorism financing;

d) Prepare and submit written report on the monitoring process (elaboration and submission of proposals on the Bank's internal regulation, if necessary) to the Bank's management as it is provided by the internal regulation of the Bank.

5. Pursuant to the internal regulation of the Bank, employee (or special structural unit) in charge of monitoring shall be granted the authority to obtain from other employees of the bank any information necessary for fulfillment of his/her functions and shall be obligated to ensure observance of confidentiality of any information related to his/her activities.

6. In performing functions related to monitoring, the employee (special structural unit) in charge of monitoring shall be subordinated and reporting only to the administrator of the Bank, defined under the internal regulation.

7. If employee (head of the special structural unit) in charge of monitoring reveals that any of the Bank's employees does not observe rules set by the internal regulation and within his/her competence does not participate in the monitoring process, he/she shall immediately inform the Bank's administrator who supervises monitoring issues according to the internal regulation.

8. In case of absence of the employee (head of the special structural unit) in charge of monitoring, his/her functions shall be transferred to another employee of the Bank, which shall be documented in the respective legalized resolution of the Bank.

Article 6. Obligations of Banks with respect to Identification and Registration of Identification Details (Documents)

1. The Bank shall identify the client (its representative and proxy, as well as the third person if the transaction is being concluded in favor of the third person) and take reasonable measures to verify their identity by means of reliable and independent source of information (documents) when:

a) amount of transaction (operation) exceeds GEL 3 000 (or its equivalent in other currency);

b) Domestic and cross-border operations executed through Funds (or value) transfer system or financial messaging network (transfers and money remittance) if the amount of the operation exceeds GEL 1500 (or its equivalent in other currency);

c) This transaction is suspicious pursuant to subparagraph (e) of Article 2;

d) Doubts arise regarding the veracity and/or adequacy of previously obtained client identification data.

2. Bank shall identify the beneficial owner of the client, as well as undertake reasonable measures to verify his/her identity by means of reliable, independent source and be satisfied that it knows who the beneficial owner of the client is. Identification procedures similar to those used for natural persons shall be applied against beneficial owner.

3. In the course of the identification and/or verification of a client (its beneficial owner), the Bank may rely on a third party/intermediary that carries out the identification and verification of a person in accordance with the FATF recommendations, keeps documents (their copies) as provided for by Article 11 of this Regulation, and is subject to the supervision and regulation as defined under the FATF recommendations. The Bank shall be required to immediately obtain from a third party/intermediary the information related to the identification and verification of a client (its beneficial owner), as well as the purpose and intended nature of the business relationship. Furthermore, the Bank shall be required to undertake the necessary measures to ensure that it can access the identification data of a client (its beneficial owner) and other relevant documents related to the identification and verification of a client (its beneficial owner) held by a third party/intermediary immediately upon request. In such cases, the ultimate responsibility for the identification and verification of a client in accordance with the procedure provided for by this Regulation shall remain with the Bank. The Bank shall take into account the information available about the risk of illicit income legalization and terrorism financing in the host country of a third party/intermediary when selecting a third party/intermediary.

4. Identification process shall be conducted in compliance with the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation, the relevant normative acts issued by the National Bank of Georgia, procedures set by the internal

regulation of the Bank and guidelines and recommendations of the Financial Monitoring Service of Georgia.

5. For purposes of this Regulation, banks shall by themselves determine the procedures (except for account opening procedures) that are necessary for identification of a person. In addition, they shall be authorized to request any other information or / and documents related to the transaction (operation) and persons involved therein.

6. For the purpose of identifying the client (the representative or proxy, as well as the third person, if the transaction is being concluded in favor of the third person) and its beneficial owner in conformity with the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and the present Regulation, the Bank shall be entitled to use the electronic databases of identification documents provided by State Services Development Agency – legal entity of public law of the Ministry of Justice of Georgia according to the procedure set by the Georgian legislation.

7. Identification and verification of each client as well as its beneficial owner and obtaining of other information as it is defined by this Article, shall take place before carrying out of a transaction or opening of an account or establishing of another type of a business relationship, as well as prior further continuation of the business relationship if legalization of illicit income or terrorism financing is suspected or if doubts exist about the veracity or adequacy of previously-obtained client identification data, except for cases provided by paragraph 4, Article 6^1 of this Regulation.

8. Bank shall not be authorized to provide a client with the service or establish business relationship with a person (including, to carry out such bank operations which do not imply the opening of a bank account by the person, specifically receipt or sending of money transfers, trade with foreign currency through bank notes, exchange of denominations etc.) without preliminary identification of this person in cases stipulated in paragraph (1) of this Article.

9. Banks shall be prohibited to open and/or maintain anonymous accounts or accounts in fictitious names.

10. Prior to commencement of business relations with the client, the Bank shall ascertain nature of relationship the client intends to establish, as well as purpose thereof and perform ongoing scrutiny of relations between existing clients and the Bank.

10^1. The Bank shall be required to obtain information about the nature of the business activity, the ownership and control structure of a legal entity (including an organizational formation (arrangement) not registered as a legal entity) when undertaking the identification and verification procedure.

10^2. The Bank shall be required to undertake the appropriate measures for obtaining the information about the purpose and intended nature of the business relationship with the client.

11. Despite the assumed suspicious nature and the amount of the operation (transaction), the Bank shall not suspend implementation of the operation (transaction) (providing services to the person (client) having the business relationship with the Bank), except for the following cases:

a) If the client of the Bank cannot be identified;

b) If any person involved in the transaction is on the list of terrorists or persons supporting terrorism;

c) Upon receipt of refusal from the administration to establish business relationship with the client in case provided for in subparagraph (a), paragraph 2, Article 7 of this Regulation;

d) Upon receipt of the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction as prescribed under Article 12^1 of the this Regulation.

12. In cases stipulated in subparagraphs (a) - (c), paragraph 11 of this Article, the Bank shall not serve the client (establish business relationship with the person) and shall immediately submit to the Financial Monitoring Service of Georgia the respective reporting form, materials available to the Bank and any other information on the operation (transaction) and persons involved therein.

13. Through the standard identification process the following data shall be ascertained:

a) in case of natural person:
a.a) First name and last name;
a.b) Citizenship;
a.c) Date of birth;
a.d) Place of residence;
a.e) Number of ID (Passport) and citizen's personal number by ID (Passport);
a.f) If the natural person is registered as a sole proprietor – the relevant registration date, number, registering authority, identification number of tax payer.

b) In case of legal entity:
b.a) Full name;
b.b) Business activity;
b.c) Legal address (in case of the branch or representation the legal address of the entity as well as of the head office);
b.d) Registering authority, date and number of registration;
b.e) Identification number of tax payer;
b.f) Identification details of persons authorized for management and representation of the legal entity (in conformity with subparagraph "a" of this paragraph);
b.g) Identification details of the person, who represents a legal entity in a particular bank operation (transaction) subject to monitoring.

c) In case of an organizational formation considered under the legislation, which does not represent a legal entity:
c.a) Full name;
c.b) Legal address;
c.c) Legal act or other document, on the basis of which this organizational formation has been established (or has been operating);
c.d) Identification number of tax payer;
c.e) Identification details of persons authorized for management and representation (pursuant to subparagraph (a) of this paragraph);
c.f) Identification details of the person which represents such organizational formation in a particular bank operation (transaction) subject to monitoring.

14. Documents necessary for identification process shall be:

a) if the natural person is a Georgian citizen – ID, or a passport, or any other official document, which contains the relevant information and is equalized to them under the

Georgian legislation; if the natural person is registered as a sole proprietor – document confirming its registration;

b) if the natural person is a foreign citizen – passport issued by the corresponding authority of the relevant State or any other official document, which contains the relevant information and is equalized to them under the Georgian legislation;

c) in case of resident legal entity (or organizational formation which does not represent a legal entity) – resolution as determined by the Georgian legislation on establishing the legal entity, or extract from the Registry of Entrepreneurs (or other relevant registry) and document proving authority for representation of the entity;

d) In case of non-resident legal entity – documents proving foundation and registration of the entity issued by respective bodies of the given State as well as document certifying authority for representation of the entity.

15. Banks shall record country and authority issuing the document presented for identification, date of issuance and the validity period of such document.

16. Identification documents other than Citizen Identity Card and Passport shall be used for identification of a natural person only in cases when the natural person can not have ID or Passport (e.g. opening deposit for juvenile person).

17. For documenting, systemizing and better examination of identification details of permanent clients of the Bank (persons that hold one or more accounts in the Bank and periodically apply to the Bank for implementation of financial operations) the Bank can use procedure of clients' questioning. In parallel with this process, the Bank shall ensure setting up of the relevant electronic data base.

18. Procedure of questioning shall also be allowed for identification of persons, that apply to the Bank for implementing single financial operation (receipt or sending money transfers, trading with currency, exchange of denominations etc), or represent second or third persons (if bank operation (transaction) is implemented in favor of third person) involved in the bank operation (transaction).

19. If documents presented for identification or information retained in the Bank allow, in addition to the information listed in subparagraphs "a", "b" and "c", paragraph 13 of this Article the following details shall be documented:

a) In case of natural person:
- a.a) Patronymic;
- a.b) Place of birth;
- a.c) Temporary (real) place of residence (in Georgia as well as abroad), if different from registered place of residence;
- a.d) Main business activity and position held;
- a.e) Details on accounts in other banks;
- a.f) Tel/fax, e-mail.

b) In case of a legal entity (as well as organizational formation, which does not represent a legal entity):

- b.a) Date of appointing persons authorized for management and representation;
- b.b) Details on account(s) in other banks.

20. Detailed procedures for performance of activities related to the identification and questioning of clients and renewal of existing identification data, as well as relevant functions of bank employees shall be defined under the bank internal regulation.

21. Bank shall exercise permanent monitoring of business relationships with its client that includes:
a) Maintaining current information and records relating to the client and its beneficial owner;

b) Updating periodically existing identification data and ensuring their conformity with current norms;

c) Scrutiny of transactions in order to establish that the conducted transaction is consistent with its knowledge of the client, client's business or personal activity or risk profile and where necessary the source of property (including funds).

22. A Bank shall be required to have the appropriate risk management system for the identification and verification of clients that may pose the high risk of illicit income legalization and/or terrorism financing, and shall apply the enhanced identification and verification, and the enhanced monitoring procedure with respect to such clients as provided under Article 6^1 of this Regulation. The identification and verification procedure shall be carried out through the risk-based approach having regard to the type of the clients (the beneficial owners), their location (place of registration), geographic area or field of operation, as well as the nature and intensity of the business relationship, the type or size of transactions (operations) or products/services or other factors. A Bank shall be required to define the appropriate criteria (risk-factors) through its internal regulations and assign the clients to the category of the high risk of illicit income legalization and/or terrorism financing.

22^1. A Bank shall be authorized to use the simplified identification and verification procedure as provided under Article 6^1 of this Regulation that is commensurate with the low risk of illicit income legalization and/or terrorism financing identified through the appropriate risk assessment by a Bank. The use of the simplified procedure shall be prohibited when there is a suspicion of illicit income legalization and/or terrorism financing or in cases of the high risk of illicit income legalization and/or terrorism financing as provided under paragraph 22 of this Article. A Bank shall be authorized to use the simplified procedure once the appropriate criteria (risk-factors) are defined through its internal regulations and the clients are assigned to the category of the low risk of illicit income legalization and/or terrorism financing.

23. Bank should pay special attention to any threats that may arise from new technologies, products and service that might favor anonymity during the service and take all measures, to prevent their use in legalization of illicit income and terrorism financing. Bank shall have in place such identification and verification policy and procedures that reduces the risks associated with non-face to face service as it is considered under the Georgian legislation. Policy and procedures defined under this paragraph shall apply when establishing business relationship and when conducting permanent monitoring.

Article 6^1. The enhanced and simplified identification and verification procedure

1. A Bank (authorized employee) shall be required, in addition to implementing the requirements provided under Article 6 of this Regulation, to apply the enhanced identification and verification procedure with respect to the client that may pose the high risk of illicit income legalization and terrorism financing, in particular to:

a) Verify the existing and/or obtain additional information about the client and the beneficial owner (income, assets and activity), and to ensure, where appropriate, the immediate access to such information;

b) Update the identification data of the client (the beneficial owner) more frequently and verify the authenticity of the documents submitted by the client;

c) Verify the existing and/or obtain additional information about the purpose and intended nature of the business relationship;

d) Take reasonable measures to obtain the information about the source of funds or wealth of the client (the beneficial owner);

e) Verify the existing and/obtain additional information about the reasons and grounds for performed (intended) transactions (operations);

f) Obtain the approval of senior management to enter into and/or continue the business relationship;

g) Conduct the enhanced monitoring of the business relationship, which includes increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

2. A Bank is authorized, in addition to implementing the requirements provided under the first paragraph of this Article, to carry out other measures and/or obtain additional information to ensure that the risk identified is effectively managed, including, by determining the expected type and size of future transactions (operations).

3. A Bank is authorized to require the client that is assigned to the category of the high risk of illicit income legalization and/or terrorism financing to carry out the first payment through an account in the client's name with a bank subject to equal or higher identification and verification requirements as provided by the Georgian legislation.

4**.** A Bank is authorized, in cases provided under paragraph 22^1, Article 6 of this Regulation, to use the simplified identification and verification procedure that is commensurate with the low risk of illicit income legalization and terrorism financing, including to:

a) Verify the identity of the client and the beneficial owner after the establishment of the business relationship;

b) Reduce the frequency of updates of the identification data of the client and the beneficial owner;

c) Reduce the frequency of implementing the requirements provided under subparagraph "c", paragraph 21, Article 6 of this Regulation based on the reasonable monetary threshold;

d) Establish the purpose and intended nature of the business relationship based on the information provided by the client about the transactions (operations) undertaken and/or the business relationship established.

5**.** A Bank shall not be exempted from the obligation of obtaining the data provided under paragraph 13 of this Article, and verifying the identity of the client and the beneficial owner when applying the simplified identification and verification procedure in cases

provided under paragraph 22^1, Article 6 of this Regulation. A Bank shall be required, when applying the simplified identification and verification procedure, to obtain the sufficient information for determining the reasonableness of assigning the client to the category of the low-risk of illicit income legalization and terrorism financing.

6. A Bank shall define the enhanced and simplified identification and verification procedure through its internal regulation on the basis of the requirements provided under this Article.

Article 7. Obligations of a Bank with respect to Politically Exposed Persons (PEPs)

1. Bank shall identify whether a client or his / her beneficial owner belongs to the category of Politically Exposed Persons (PEPs).

2. If the client and / or his / her beneficial owner represents a Politically Exposed Person (PEP), in addition to the steps stipulated under the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and the present Regulation the Bank (its authorized officer) shall take the following actions:

a) Obtain permission from the management of bank to establish business relationship with such person;

b) Take reasonable measures to ascertain the origin of funds, property of such person;

c) Perform enhanced monitoring over its business relations with such person.

3. If the client (his / her beneficial owner) becomes Politically Exposed Person (PEP) after establishing business relations with the Bank, the latter shall undertake measures provided for in paragraph 2 of this Article against such person upon availability of the aforementioned information.

4. Bank shall have respective procedures based on which it ensures obtaining respective information from the client, as well as from public sources or respective electronic databases for the purpose of ascertaining and verifying Politically Exposed Persons.

Article 8. Establishing Correspondent Relations by Bank (17.06.2014 #1)

1. Banks shall be required, in relation to cross-border correspondent banking and other similar relationships, in addition to applying requirements under Article 6 of the Law of Georgia On Facilitating the Prevention of Illicit Income Legalization, to gather sufficient information about the nature of the respondent institution's business, and determine from publicly available sources the reputation of the institution, and the quality, adequacy and efficiency of supervision, including whether it is considered as monitoring entity for AML/CFT purposes. Banks shall also be required to determine whether the respondent institution has been subject to a money laundering or terrorist financing investigation or regulatory action.

2. Banks shall be required to request information about the AML/CFT internal controls applied by the respondent institution and assess their quality.

3. Banks shall be prohibited from entering into a correspondent banking relationship without obtaining approval from the Board of Directors (Curator Director).

4. Banks shall be prohibited from entering into a correspondent banking relationship with shell banks. Banks shall be required, before entering into, or continuing, a correspondent

banking relationship, to apply reasonable measures in order to satisfy themselves that the respondent institution:
a) Does not belong to the category of shell banks;
b) Has no relationship with a shell bank, including, by permitting its accounts to be used by shell banks.

5. The respective responsibilities of each institution shall be clearly defined when entering into a correspondent banking relationship.

Article 9. Obligations of the Bank to Record Identification Data in the Course of Implementing Money Remittances (Transfers)

1. When implementing operations (transfers, money remittances) determined under subparagraph ”b”, paragraph 1, Article 6 of this Regulation, the Bank shall record identification data of the person in money transfer order (payment order in GEL or foreign currency, instant money transfer application form).

2. When implementing domestic and cross-border transfers / money remittances the following information shall be recorded on the sender:

a) Name (in case of natural person – name and surname);

b) Account number (if applicable) or person’s unique code (if applicable);

c) Address (address may be replaced: in case of a natural person – with a personal number by ID/passport or a date of birth and a place, a number of a tax payer, in case of a legal entity – with number of tax payer).

3. Identification data, stated in paragraph 2 of this Article, shall be also included in the respective electronic document of money remittance, so that after transfer/money remittance is implemented this information is conveyed to the institution receiving remittance.

4. If identification data provided for in paragraph 2 of this Article technically can not be fully depicted in an electronic form, the paying Bank shall provide the institution, recipient of the amount, with additional identification data upon request.

5. Banks, which in the course of transfer perform the role of an intermediary, shall ensure transferring of the person’s identification data from the paying Bank to the beneficial Bank. If due to technical reasons it is not feasible to perform the above – noted process, the intermediary banks shall retain payer’s identification data for the period defined under paragraph 1, Article 8 of this Regulation.

6. When implementing domestic transfers it shall be permitted to record information determined only under subparagraphs (a) and (b), paragraph 2 of this Article. In such case, the paying Bank upon request shall provide the recipient institution with the payer’s complete identification details (or in other cases provided for in the legislation) within three banking days.

Article 10. Obligations of Bank to Record Information (Documents) on Bank Operations (Transactions)

1. Pursuant to the paragraph 6, Article 6 of the Law of Georgia “On Facilitating the Prevention of Illicit Income Legalization”, the Bank shall be obligated to record information (documents) on bank operation and/or transaction.

2. Requirement for recording information on bank operation (transaction) shall apply to transactions concluded by the Bank and operations executed by the Bank, as well as operations performed on the basis of the client's order and those transactions, which represent the basis for implementing bank operation.

3. In the course of recording information on bank operation, the Bank shall document the following information:

a) Content of transaction (operation) (e.g. money transfer, depositing, send/receive remittance and etc.);

b) Date of transaction (operation) execution, as well as amount and currency in which transaction is implemented;

c) Identification details of a person, based on whose order the Bank implements operation (person conducting operation), including type, number and opening date (closing date of the bank account if necessary) of the bank account (accounts), which is used for implementation of the specific operation;

d) Other party to the operation (if it exists) and its bank account details (e.g. in case of money transfer – name of respective banking institution, account type, number and account holder);

e) Identification details of the person who is acting on behalf of the Bank's client (representative, agent), as well as content, issuer, date of issuance and period of validity of power of attorney or procuration, person certifying power of attorney or procuration (e.g. notary), date and place of certification;

f) If transaction is implemented in favor of the third person – identification details of such person;

g) Basis for operation implementation - if information exists (e.g. transaction concluded by the Bank's client, on the basis of which bank operation is being implemented etc.)

4. In the process of recording transaction (including transaction concluded on credit or banking services) between the Bank and the client, as well as filing the information on the transaction, which represents the basis for implementation of the bank operation, the Bank shall document the following information:

a) Type of transaction (e.g. acquisition, purchase/sale, rent, lease and etc.);

b) Content and Subject of transaction (specific item, property or incorporeal right, which represents a subject of transaction, or service, work that shall be performed according to the transaction);

c) Form of transaction (e.g. written agreement, verbal transaction);

d) Purpose of transaction (e.g. commercial activities, receiving profit, charity, debt repayment and etc.);

e) Identification details of persons involved in a transaction (including their representatives and proxies);

f) Date and place of concluding transaction as well as validity period;

g) Amount and currency in which transaction shall be implemented;

h) In case transaction is subject to registration (certification) – name of the registering authority, registration date, place and number (e.g. in the event of notarizing the transaction).

5. For the purpose of documenting, systemizing and filing the information indicated in paragraphs 3 and 4 of this Article, the Bank shall develop the relevant system.

6. Identification details of those persons that do not represent the Bank's clients (persons having business relationship with the Bank), shall be recorded on the basis of submitted information (documents available to the Bank). The Bank shall not request additionally from the client submission of identification documents on the other party of the transaction.

Article 11. Obligations of Banks to Keep Information (documents) Related to Transaction

1. A Bank shall be required to keep the information (documents) about a client (its beneficial owner) as provided for by Articles 6 and 6^1 of this Regulation (including the information submitted in accordance with the procedure defined in paragraph 6, Article 6 of this Regulation) as well as account files, business correspondence and written notes as provided under paragraph 4, Article 3 of this Regulation in the electronic or material form for at least 6 years from the moment of terminating the business relationship with a client unless the respective supervisory or other competent authority requests retention of such information (documents) for a longer period and/or a longer period for keeping such information (documents and written notes) is provided for by the Georgian legislation. In addition, information recorded electronically (respective databases and etc.) as well as the documentary information (documents) shall be retained for the aforementioned period.

1^1. A Bank shall be required to keep the information (documents) on a bank transaction (operation) (both international and local) for at least 6 years from the moment of concluding or implementing a transaction, except for the information (documents) provided under the first paragraph of this Article, unless the respective supervisory or other competent authority requests the retention of such information for a longer period and/or a longer period for keeping such information (documents) is provided for by the Georgian legislation.

2. Information (documents) on bank operation (transaction), including information (documents) presented for identification of a person, shall be kept in their original form, and where impracticable, a copy of such information (documents) confirmed by a notary or authorized employee of the bank shall be maintained. For the purpose of complying with this requirement the bank shall designate the employee (employees) authorized under the internal regulation or the relevant legal act to certify copies. The copy shall be certified in a way that it is clear who and when certified the copy. Information submitted according to the procedure provided for in paragraph 6, Article 6 of the present Regulation for identification of the person and information verified by the Bank does not require a notarization (certification).

3. In addition to the information indicated in paragraph 1 of this Article, subject to retention for the period of six years (if a requirement of retaining for a longer period is not set by the respective supervisory authority) shall be electronic reporting forms submitted to the Financial Monitoring Service of Georgia pursuant to Article 9 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and Article 12 of

this Regulation. When retaining reporting forms electronically the Bank shall observe security measures. Responsibility for retaining the reporting forms in an electronic format shall be determined by the Bank's internal regulation. Also, hard copies of reports retained in the Bank shall be certified with the signature of an employee, who is authorized under the internal regulation of the Bank, and if it is provided for by the internal regulation of the Bank, with the Bank's seal.

4. The information (documents) retained in the Bank shall fully reflect the implemented bank operation and/or transaction and persons involved. In addition, information (document) shall be systemized, recorded and maintained in a way, that when needed (in case of submission to supervisory authorities in a timely manner, using as an evidence in criminal proceedings) it can be found and retrieved in a shortest period of time.

Article 12. Obligations of Banks to Present Reporting Forms on Bank Operations (Transactions) Subject to Monitoring

1. If the bank has suspicion regarding authenticity of identification data or identification of the client is not possible to be carried or the transaction (operation) considered under Article 3 of this Regulation is present, it shall be obligated to send a notice to the Financial Monitoring Service of Georgia about this fact according to procedure set by the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and the present Regulation.

2. Submission of the notice to the Financial Monitoring Service of Georgia shall imply completing and forwarding by the Bank of the respective reporting form on transaction as well as confirmation of its submission by the Service according to the procedure set by the present Regulation. Notices submitted to the Financial Monitoring Service of Georgia shall be compiled through the web portal of the Financial Monitoring Service of Georgia. Bank shall complete and submit the report to the FMS according to the User Manual published on the website of the FMS. Confirmation of receipt of information by the FMS means to assign electronically, through the web portal status "confirmed" to the report.

3. Reporting forms shall be submitted (completed and sent) to the FMS in an electronic form pursuant to the procedure defined under paragraph 6 of this Article. Hard copies of reporting forms shall be submitted to the Financial Monitoring Service of Georgia according to the procedure defined under the present Regulation only if reporting forms are technically impossible to be sent in an electronic format.

4. The following time periods shall be set for submission of reporting forms to the Financial Monitoring Service of Georgia:

a) If the amount of bank operation (transaction) or series of bank operations (transactions) aimed at partition of the bank operation (transaction) exceeds GEL 30,000 or its equivalent in other currency, the report shall be submitted no later than five working days from the moment of implementing bank operation or concluding transaction (or from the moment of receiving information on such operations (transactions);

b) If the bank transaction (operation) or identification data is considered as suspicious - the report shall be submitted on the day of origination of supposition;

c) If any person involved in a bank operation (transaction) is on the list of terrorists or persons supporting terrorism, or / and is likely to be connected with them or / and funds involved therein may be related to or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism, the report shall be submitted on the day the information is received. In addition, in the latter case all relevant materials and

documents available to the Bank, along with the reporting form, shall be forwarded to the Financial Monitoring Service of Georgia.

5. In exceptional case provided for in paragraph 3 of this Article hard copy of the reporting form (and attached materials if necessary) shall be submitted to the Financial Monitoring Service of Georgia in a sealed envelope by the authorized courier of the Bank. If it is impracticable to use courier services, documents shall be sent by post as registered mail. Name and address of the sender Bank shall be written on the envelope, as well as the addressee – Financial Monitoring Service of Georgia. Delivery address: 2 Sanapiro Str., Tbilisi 0105, Georgia. The envelope shall be marked as confidential. (17.06.2014, #1)

6. Reporting Forms as well as other confidential information on bank operations (transactions) subject to monitoring shall be submitted to the FMS in electronic form through the relevant web shell and/ or web service of the web portal set on the official website of the FMS of Georgia (www.fms.gov.ge).

7. Decision on completion of the reporting form and submission to the FMS shall be made by the employee of the Bank who is authorized under the internal regulation of the Bank. Reporting forms shall be completed only by those employees of the Bank who are authorized under the Bank's internal regulation.

8. The reporting form completed electronically shall be retained in the Bank and be subject to retention for the period not less than 6 years. In exceptional case provided for in paragraph 3 of this Article two hard copies of the report shall be printed, of which each should be certified by the signature of the employee designated under the internal regulation of the bank, and if provided by the internal regulation of the Bank – with a seal. One copy of the printed form shall be presented to the FMS of Georgia and the other shall be retained in the Bank for not less than six years.

9. Reporting form shall be filled completely. The bank shall maintain register of reporting forms submitted to the FMS as it is provided under the internal regulation.

10. In the event of revealing suspicious bank operation (transaction) and submitting related reporting form to the FMS, the Bank shall be obligated to indicate grounds of suspicion and to focus special attention on other bank operations (transactions), implemented by persons involved in this particular bank operation (transaction).

11. Pursuant to subparagraph "a", paragraph 4, Article 10 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", the Financial Monitoring Service of Georgia shall be authorized to request additional information from the Bank and available documents (including confidential) in relation to any bank operation (transaction), including on bank account and persons involved therein, including those bank operations (transactions) on which reporting forms have not been presented to the Financial Monitoring Service of Georgia. The Bank shall be obligated to submit requested information to the FMS no later than two working days from the moment of receiving the request.

12. If the bank reveals any additional information, with respect to the relevant bank operation (transaction) or parties to it, after the report is sent, it shall immediately forward this information to the Financial Monitoring Service. Also, the additional information shall contain number and submission date of the reporting form, to which the information should be added. Additional information on transaction subject to monitoring shall be presented according to the procedure set under the User Manual.

13. The bank is obliged to strictly observe confidentiality of form completion with respect to bank operations (transactions), submission to the FMS and the other information related to it. In case of suspicion regarding the bank operation, transaction or parties to it, and in the event of completion of the reporting form and submission to the FMS, the bank shall not inform persons involved in the relevant bank operation (transaction), their representatives and any other person. The employee of the Bank, who reveals suspicious bank operation (transaction) or completes the reporting form, shall disclose this information only to those employees that are authorized to keep such information according to the internal regulation of the Bank.

Article 12^1. The instruction of the Financial Monitoring Service on the suspension of implementation of the transaction (operation)

1. The Head of the Financial Monitoring Service shall be authorized, if the transaction is believed to be suspicious and irrespective of the amount of funds, to issue the written instruction to the Bank on the suspension of implementation of the transaction (operation) or any other related transaction (operation) for no more than 72 hours (non-working days and public holidays shall not be considered in the time limit). The case materials shall be immediately disseminated to the respective authorities of the Chief Prosecutor's Service, the Ministry of Internal Affairs and/or the State Security Service of Georgia.

2. The Head of the Financial Monitoring Service or the person designated therein shall be authorized, in case of urgency, to verbally (directly or through electronic means) or in writing through electronic means issue the instruction referred to in paragraph 1 of this Article that shall be confirmed by the written instruction of the Head of the Financial Monitoring Service and handed over to the Bank in the next 24 hours (non-working days and public holidays shall not be considered in the time limit). If within this time limit the written instruction is not handed over to the Bank the instruction of the Financial Monitoring Service shall not be observed. The protocol shall be drawn up as provided for by subparagraph 3 of this Article when the instruction referred to in this paragraph is issued.

3. The protocol shall be drawn up separately by the Financial Monitoring Service of Georgia on the one hand and the authorized employee of the Bank on the other hand immediately upon the issuance of the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction as prescribed under subparagraph 2 of this Article. The protocol shall include:

a) First name, last name and the position of the issuer of the instruction (authorized employee of the Financial Monitoring Service) and the recipient (authorized employee of the Bank);

b) Exact time of issuance/receipt of the instruction (specifying the hour and minute);

c) The form of issuance/receipt of the instruction (verbal, including through means of electronic communication, or written, including through electronic mail or other means of electronic communication);

d) The substance of the instruction, including the data enabling the identification of the transaction (transactions) and/or the person carrying out the transaction (transactions);

e) The period of the suspension of implementation of the transaction;

f) The confirmation of the receipt of the instruction by the Bank's authorized employee;

g) The exact time and date of drawing up the protocol;

h) The signature of authorized employees of the Financial Monitoring Service and the Bank.

4. Bank shall be required to immediately confirm the receipt of the instruction referred to in paragraphs 1 and 2 of this Article to the Financial Monitoring Service through the same means used to communicate the instruction, and to undertake all necessary measures for its implementation. The confirmation of the receipt of the instruction on the suspension of implementation of the transaction under paragraph 2 of this Article shall be included in the protocol referred to in paragraph 3 of this Article.

5. The time limit referred to in paragraph 1 of this Article shall start to run from the moment of receipt by the Bank of the written instruction issued by the Head of the Financial Monitoring Service, or the instruction issued by the Head of the Financial Monitoring Service or the designated person as provided by paragraph 2 of this Article.

6. The instruction referred to in paragraphs 1 and 2 of this Article can be revoked before the expiry of the time limit provided for in paragraph 1 of this Article if the suspicious nature of the transaction could not be ascertained or if this is required for the interests of investigation based on the written request of the respective authorities of the Chief Prosecutor's Service, the Ministry of Internal Affairs or the State Security Service of Georgia. The Financial Monitoring Service shall immediately notify the Bank about the revocation of the instruction through the procedure referred to in paragraph 2 of this Article, which shall be confirmed by the written instruction of the Head of the Financial Monitoring Service and handed over to the Bank in the next 24 hours. The Bank shall be required to immediately confirm the receipt of the notice on the revocation of the instruction referred to in paragraphs 1 and 2 of this Article to the Financial Monitoring service through the same means used to communicate the notice.

7. Bank shall be required to keep the written instructions of the Head of the Financial Monitoring Service (including written instructions issued through electronic means) referred to in paragraphs 1 and 2 of this Article for no less than 6 years unless the respective supervisory authority requests to keep the instructions for a longer period. The protocols referred to in paragraph 3 of this Article shall also be retained for 6 years.

8. Bank shall be required to designate an employee (employees) based on formal decision who shall be authorized: to receive/accept the instruction on the suspension of implementation of the transaction issued by the Head of the Financial Monitoring Service or the person designated therein as provided for by paragraphs 1 and 2 of this Article and the instruction revocation notice; to confirm the receipt of the instruction on the suspension of implementation of the transaction and the instruction revocation notice to the Financial Monitoring Service; to draw up the protocol referred to in paragraph 3 of this Article and undertake all necessary measures for the implementation of the instruction on the suspension of implementation of the transaction.

9. The senior management and employees (both fixed and unspecified term employees) of the Bank shall not be authorized to notify the parties to a transaction or other persons about the implementation of measures provided for by this Article.

Article 13. Obligation of Commercial Bank to submit the Form of Registration to the FMS

1. For the purpose of systemization and analysis of the information received by the FMS on bank operations (transactions) subject to monitoring and pursuant to subparagraph "a", paragraph 5, Article 10 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", the Financial Monitoring Service of Georgia shall establish an electronic database. For inputting the information to the database on each commercial bank, the Bank shall submit to the FMS the Form of Registration through the relevant web shell of the web portal set on the official web site of the FMS of Georgia (www.fms.gov.ge). The Form of Registration shall be considered as submitted only after sending the relevant electronic message by the FMS. Hard copies of Form of Registration to the Financial Monitoring Service of Georgia shall be submitted only if Forms of Registration are technically impossible to be sent in an electronic format.

2. In case of change of any information (as well as replacement of the employee in charge of monitoring) in the Form of Registration submitted to the FMS, the Bank shall present not later than three working days from the moment the relevant change have taken place completed Form with renewed information to the Financial Monitoring Service of Georgia according to the procedure set under paragraph 1 of this Article.

Article 14. Responsibilities Related to Monitoring

1. The National Bank of Georgia shall supervise compliance of the Bank with norms and requirements of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and this Regulation.

2. For violation of norms and requirements of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and this Regulation, the sanctions shall be used against the Bank in compliance with procedure and at the amount set by the National Bank of Georgia.